

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 FEA-02 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

SAM-01 DRC-01 /173 W

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R 281531Z JUN 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 9314

LIMITED OFFICIAL USE MADRID 4113

DEPT PASS TREASURY

FROM SELF/BARREDA

E.O. 11652: N/A

TAGS: COUNTERVAILING DUTY: US-SPAIN CONSULTATION
ON SHOES AND BOTTLED OLIVES

REF: STATE 133728

1. TREASURY REPS, ACCOMPANIED BY EMBOFF, MET WITH
SPANISH DEL (WHICH DID NOT HAVE FOREIGN OFFICE REP) HEADED
BY SUBDIRECTOR GENERAL OF CUSTOMS ARRANZ JUNE 26-27 TO
EXPLAIN TREASURY'S VIEW THAT A BOUNTY OR GRANT OF THREE
PERCENT EXISTS ON SPANISH EXPORTS OF NON-RUBBER FOOTWEAR
AND BOTTLED OLIVES. SPANISH SIDE DISAGREED WITH TREASURY
ARGUING THAT SPANISH PRACTICES ARE IN ACCORD WITH GATT-
PERMITTED POLICIES. IN ADDITION, THEY STRESSED THAT
PRACTICALLY ALL PRACTICES WERE NOT COUNTER-
AVAILABLE UNDER TREASURY PRECEDENTS, CONCLUDING THAT A
MAXIMUM BOUNTY OF 1.02 PERCENT WOULD EXIST UNDER US LAW.

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2. AFTER FULL DISCUSSION OF VARIOUS CONCEPTS RELATING TO COUNTERVAILING DUTY APPLICABILITY, TREASURY STATED THAT IT REMAINED OF THE VIEW THAT A THREE PERCENT BOUNTY OR GRANT IS BEING BESTOWED.

3. WITH REGARD TO THE QUESTION OF TIMING, SPANISH DELEGATION EXPLAINED THAT UNDER A RECENT CHANGE OF PROCEDURE IN THE DECISION-MAKING PROCESS, IT WOULD NOT BE POSSIBLE FOR THE COUNCIL OF MINISTERS TO MAKE A DECISION ON POSSIBLE ELIMINATION OF BOUNTY OR GRANT UNTIL ITS MEETING ON JULY 5. IT WAS EXPLAINED THAT UNDER CURRENT PROCEDURES, FRIDAY COUNCIL OF MINISTERS' MEETINGS ARE DIVIDED INTO TWO TYPES: DISCUSSION MEETINGS ONE WEEK, FOLLOWED BY A DECISION MEETING THE NEXT WEEK. JUNE 28 MEETING WAS A DISCUSSION MEETING, SO FOR PROCEDURAL REASONS IT WAS NOT POSSIBLE FOR DECISION TO BE MADE THEN. IF DECISION WAS MADE AT JULY 5 MEETING TO ELIMINATE BOUNTY, SPANISH ASSURED TREASURY REPS THAT SUCH ACTION WOULD TAKE EFFECT IMMEDIATELY IN ACCORDANCE WITH THE TIMETABLE AGREED TO IN MARKS-BASSOLS MEETING. TREASURY REPS STATED THAT THIS PROCEDURE WOULD BE ACCEPTABLE, RE-EMPHASIZING IMPORTANCE OF JULY DEADLINE.

4. MEETINGS WERE LOW-KEY, CHARACTERIZED BY CORDIAL ATMOSPHERE THROUGHOUT.
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Message Attributes

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